H.E. Dr. Mohamed Saed Al-Sadi  
Minister of Planning and International Cooperation  
Ministry of Planning and International Cooperation  
Sana’a, Republic of Yemen  
(Transmission by fax: 967-1-250-665)

Republic of Yemen: Second Port Cities Development Project  
(Grant No: H5670-RY)  
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement between the Republic of Yemen (“Recipient”) and the International Development Association (“Association”) dated June 28, 2010, (the “Financing Agreement”), as amended. We also refer to your letter dated February 23, 2014, requesting the Association to amend the Financing Agreement.

We are pleased to inform you that, after due consideration, the Association concurs with the request, and consequently the Financing Agreement is hereby amended as set forth below:

1. Schedule I to the Financing Agreement is amended and attached as Annex-I to this amendment letter.

2. Section 2.01 of the Financing Agreement is amended to read as follows:

“2.01 The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to fourteen million seven hundred thirty one thousand nine hundred six Special Drawing Rights (SDR 14,731,906) (“Financing”), which consists of an amount equivalent to nineteen million two hundred and forty thousand Special Drawing Rights (SDR 19,240,000), as reduced by an amount equivalent to four million five hundred eight thousand and ninety three Special Drawing Rights (SDR 4,508,093), to assist in financing the project described in Schedule I to this Agreement (“Project”).”

3. Section IV.A.2 of Schedule 2 to the Financing Agreement is amended to read as follows:

“2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, and consultants’ services under Part A of the Project</td>
<td>1,835,785</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works under Part A of the Project</td>
<td>11,845,663</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Training, and consultants’ services under Part B of the Project</td>
<td>128,182</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultants’ services, training and Incremental Operating Costs under Part C of the Project</td>
<td>922,276</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>14,731,906</strong></td>
<td></td>
</tr>
</tbody>
</table>

4. Section IV.B.2 of Schedule 2 to the Financing Agreement is amended to read as follows:

   “2. The Closing Date is June 30, 2015.”

5. Attachment to the Supplemental Letter No.2 (Performance Monitoring Indicator) is revised and attached as Annex-2 to this amendment letter.

   Except as specifically amended by this amendment letter, all other provisions of the Financing Agreement remain in full force and effect.

   Please confirm your agreement to the foregoing by signing the form of confirmation set forth below and returning one fully executed original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the date of countersignature.

   Sincerely yours,

   INTERNATIONAL DEVELOPMENT ASSOCIATION

   [Signature]
   Hartwig Schafer
   Director
   Egypt, Yemen and Djibouti Country Department
   Middle East and North Africa Region
AGREED
REPUBLIC OF YEMEN

By: 

Name: Dr. Mohammed Saeed Al-Saeed

Title: Minister of Planning and International Cooperation

Date: April 19, 2014
SCHEDULE 1

Project Description

The objective of the project is to improve the capacity of key transport infrastructure in the port cities of Mukalla and Hodeidah.

The Project consists of the following parts:

Part A: Infrastructure Development

Provision of goods, works, and consultants’ services for expansion of the Mukalla airport passenger terminal building and improvements to the airport’s lighting system and improvements at road intersections in Mukalla.

Part B: Technical Assistance and Training

Provision of goods, training and consultants’ services for: (i) governorate staff working on service delivery and asset management, (ii) PMU Staff; and (iii) relevant branch office staff of the line ministry involved in project implementation.

Part C: Project Management

Provision of goods, consultants’ services, training and incremental operating costs to the PMU to support Project coordination, implementation, monitoring and evaluation and management.
Second Port Cities Development Project

(Grant No.H567-RY)

Revised Results Framework and Monitoring

<table>
<thead>
<tr>
<th>PDO</th>
<th>Project Outcome Indicator</th>
<th>Use of Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve the capacity of key transport infrastructure in the port cities of Mukalla and Hodeidah.</td>
<td>(i) Direct project beneficiaries (of which % women) Hodeidah (ii) Port Capacity (number of boats that can be unloaded at the same time) Mukalla (iii) Reduced waiting time at the selected urban road intersections during peak hours. (iv) Airport capacity (number of passengers that can be handled per day)</td>
<td>Measure the number of beneficiaries (incl % of women), using the Core Indicator To evaluate whether rehabilitation of existing infrastructure is a more cost effective use of resources to enhance the productivity of the local economy, as opposed to new infrastructure.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intermediate Outcomes</th>
<th>Intermediate Outcome Indicators</th>
<th>Use of Intermediate Outcome Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve port capacity in Hodeidah</td>
<td>Hodeidah: Size of port rehabilitated with core infrastructure in place (square miles).</td>
<td>Measure physical progress towards the achievement of the project's development objective.</td>
</tr>
<tr>
<td>Improve airport capacity in Mukalla</td>
<td>Mukalla: Size of airport expanded (square miles). Rehabilitated traffic intersections (number).</td>
<td></td>
</tr>
</tbody>
</table>